

## CASH MANAGEMENT POLICIES AND PROCEDURES HANDBOOK

CHAPTER 9. Cash Management Review and Reporting RequirementsSection 1.0 General (Introduction, Authority, and Guidance)

This chapter provides guidance for monitoring and reporting the effectiveness of an organization unit's cash management practices. ~~Procedures are included for conducting both:~~

- ~~● the annual Current Assets Management Annual Certification (CMAC); and~~
- ~~● the Current Assets Management Review and Analysis (CAMRA); which is required every five years.~~

.01 Introduction

Organization units must maintain systems that review cash management practices. Such systems should:

- Monitor efficiency, effectiveness, and savings attributable to improved cash management practices.
- Measure the compliance with written internal regulations and guidance prescribed in the Treasury Financial Manual (TFM).

This chapter discusses reporting requirements for:

- cash management policies and procedures; and monitoring and reporting processes for Electronic Fund Transfer (EFT), Imprest Funds, and banking information.
- Organization units must submit the required information to the Office of Financial Management (OFM) by the prescribed due dates.

.02 Authority

- a. The following legislation provides the basis for cash management within the Federal Government:
  - Federal Claims Collection Act of 1966, as amended by the Debt Collection Act of 1982
  - Deficit Reduction Act of 1984 (Public Law 98-369 and 31 CFR 206)
  - Cash Management Improvement Act of 1990 (Public Law 101-453)

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- Cash Management Improvement Act Amendments of 1992 (Public Law 102-589)
  - Prompt Payment Act Amendments of 1988 (Public Law 100-496)
2. The following regulations establish the policy for cash management practices within the Federal Government:
- 5 U.S.C. 301
  - 31 U.S.C 321, 1535, 3301, 3302, 3720, and 6503
  - Federal Claims Collection Standards (4 CFR 101-105)

### .03 Guidance

The specific requirements for conducting cash management reviews are found in the TFM, Volume 1, Part 6 Section 8075, titled "Review, Monitoring, and Reporting of Agency Cash Management."

A comprehensive cash management review can be required every 5 years according to the guidance prescribed in the TFM, Vol I 6-8075.30. The first of such reviews was performed in 1986.

Further guidance for conducting internal control reviews is covered under:

- ~~DAO 203-2, "Redelegation of Authority on Certifying Officers and Cashiers";~~ and
- DAO 216-15, "Internal Management Control Systems";
- Cash Management Handbook, Appendix H; and Accounting Principles and Standards Handbook, Chapter 6.

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### Section 2.0 Cash Management Review

#### .01 Scope

Organization units ~~meeting the requirements in Section 4.0 of this Chapter~~ must maintain systems for reviewing cash management practices. Officials should first determine where their unit's cash flow activity is taking place to establish the scope of the review. The review system should:

Include billings, collections, deposits, disbursements, cash advances, and cash held outside Treasury;

Provide timely information necessary for proper control and oversight of cash flows;

- Account for 100% of the unit's cash flows including trust funds and interagency funds;
- Isolate operational areas, by function and location, that do not contribute to effective cash management;
- Administer follow-up on the status of corrective measures with the appropriate individuals; and
- Provide for periodic, but not less frequent than annual, examination of a unit's cash management practices.

#### .02 Current Assets Management Review and Analysis(CAMRA)

CAMRA is a comprehensive review of cash flows that may be conducted every five years to identify opportunities for improving agency cash management practices. Improvements may be achieved either through using Treasury assisted mechanisms or by internal improvements. Units are to conduct this review when requested by Treasury.

The Treasury Department's Financial Management Service (FMS) will notify Organization units when reviews are scheduled and will also provide detailed information to the organization unit regarding the process.

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When requested to perform a CAMRA review, units will provide statistical data for each collection and disbursement that includes:

- dollar amount;
- item volume;
- account symbol; and
- title.

CAMRA requires units to complete separate reports covering:

- Collections;
- disbursements;
- travel;
- payroll;
- cross servicing arrangements;
- funds held outside of Treasury;
- inventory management; and
- Imprest Funds.

### .03 Current Assets Management Annual Certification (CMAC)

CMAC is an interim (annual) reporting program within the Department of the Treasury's 5-year CAMRA Program.

Identical reporting requirements are to be applied to both CAMRA and CMAC.

Each year that a CMAC review is not performed, Finance Offices may be required to certify that their cash flows meet Treasury Financial Management standards. CMAC also requires units to:

- provide the status of cash management Improvement efforts;
- report on all cash flows; and to
- describe collection and disbursement systems and procedures.

### Section 3.0 Imprest Fund (I TFM 4-3000)

#### .01 General (Intent and Authority)

##### 1. Intent

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The Department's intent is to reduce Imprest Funds to the maximum extent possible. The organization unit's best practice is to implement alternatives to Imprest Funds. All payments are to be made by Electronic Fund Transfer unless holding Imprest Fund cash is more cost-effective, practicable, and consistent with existing statutes

- Authority
- 31 CFR Part 206
- Refer to Chapter 6 of the Cash Management Handbook for policies and procedures relating to Imprest Funds.

.02 Annual Reporting Requirement regarding Imprest Funds

Organization units are required to provide Imprest Fund information to OFM annually. The list of information to be submitted is as follows:

- number of Imprest Fund accounts;
- balance in each Imprest Fund account;
- number of transaction and total amount disbursed;
- a brief statement of what efforts have been undertaken by organization units to reduce Imprest Fund account; and
- a Statement describing what alternative methods are used when organization units do not maintain Imprest Funds.

.03 Due Date

Each organization unit's Finance Officer, or responsible Party will provide the information to OFM annually by the first Friday of July.

Section 4.0 Reporting of Banking information

.01 Reporting Requirement

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Organization units must submit relevant information pertaining to the servicing financial institutions/banks to OFM. Information that should be included in the report is as follows:

- Name of the financial institution/bank
- Name of the minority financial institution/bank
- Types of activity (Credit Cards, Lock Box, Deposits, Collections, Payments, EFT etc.)
- Number of Transactions(per annum)
- Dollar amount(per annum)
- Total Fee charged
- Issues/Problems arising from dealings with the financial institution/bank

### .02 Due Date

Each organization unit's Finance Officer, or responsible official, will submit the required banking information to OFM by the first Friday of July bi-annually on every odd numbered year. OFM will notify organization units of the reporting due date.

## Section 5.0 Electronic Fund Transfer (EFT)

### .01 Monthly Monitoring

The Debt Collection Improvement Act (DCIA) of 1996 required that all Federal payments (other than payments under the Internal Revenue Code of 1986) made after January 1, 1999, must be made by EFT. OFM is responsible for monitoring of the organization unit's EFT compliance.

OFM prepares a monthly internal compliance report. This report includes an EFT payment summary, which is broken-down by Agency Location Code (ALC). Within each ALC, the following is provided by subcategory (Check, EFT, Bankcard Purchases).

- Number of transactions
- Percentage rates

### .02 Quarterly Reporting

Treasury requires a Quarterly Report for EFT transactions at the Department level. OFM is responsible for preparing the Quarterly Report, which is based upon the organization's EFT transaction records from various sources including the Treasury System. Organization units may be requested to provide detailed EFT information to further refine the statistics.

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The Quarterly Report comprises EFT check transactions for the quarter classified by payment type (benefit, retirement, salary, vendor or miscellaneous).

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### Section 3.0 Authority

The requirement for conducting a cash management review is found in Volume 1, Treasury Financial Manual, Part 6, Section 8075, titled "Review, Monitoring, and Reporting of Agency Cash Management."

### Section 4.0 Responsibilities

Both the CMAC and CAMRA are to be conducted by each organization unit which:

- Executes contracts, purchase orders, loans, and/or grants;
- Authorizes advances to grantees and others;
- Furnishes supplies or services to the public for a fee, with or without prepayment by the customer;
- Receives cash and other receipts for transmittal to a finance and accounting office;
- Initiates billing actions or maintains accounts receivable records;
- Initiates any payments through the Treasury or other depository, or through a cashier; or
- Conducts any similar activity that authorizes or controls cash.

Units without a finance and accounting office, are to work with their servicing finance and accounting office to ensure that all review documentation is completed.

### Section 5.0 Benefits

The cash management review supports the effective evaluation of an organization unit's cash flow operations. It detects existing or potential deficiencies, and provides the opportunity to identify improvements and to document accomplishments. Review data enables management to develop and implement new initiatives to effectively improve cash management systems. Such improved systems achieve the cash management goals of accelerating collections, properly timing payments, and minimizing cash balances held outside Treasury.

### Section 6.0 Scope

### Section 7.0 Relationship to other Financial Reviews



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~~.01 — Internal Control Review and Accounting Systems Review~~

~~Completing documentation under the CAMRA and CMAC reviews will partially fulfill an organization unit's internal control and accounting system requirements for reporting on its cash management practices. Further guidance for conducting internal control reviews is covered under DAO 203-2, Redlegation of Authority on Certifying Officers and Cashiers, and DAO 216-15, Internal Management Control Systems."~~

~~.02 Debt Management Review~~

~~Debt management practices play a significant role in cash management practices. Therefore, Departmental debt management policies and procedures should be reviewed and tested in conjunction with the annual billings, collections, and deposit functions covered by the cash management review. (See Chapter 8 and 9 of the Department's Credit and Debt Management Operating Standards and Procedures Handbook.)~~

~~Section 8.0 Review Standards~~

~~Unless unrelated to an organization unit's operation, the standards below constitute the minimum considerations to be used in conducting the cash management review. These standards may be superseded by changes required by law, or new regulations issued by central agencies.~~

~~.01 — Deposits (I TFM 6-8030)~~

- ~~1. Deposit receipts of \$5,000 or more by cutoff time on the same day received;~~
- ~~2. Deposit monies received after depositary cutoff time the following business day;~~
- ~~3. Deposit monies when the total reaches \$5,000, in no event making the deposits later than Thursday of each week;~~
- ~~4. Maintain adequate internal controls to ensure the security of all undeposited funds;~~
- ~~5. Ensure that if mailing deposits to the Federal Reserve Bank or a commercial bank, there is authorization on file at the Financial Management Service to do so; and~~
- ~~6. Ensure that deposit procedures fully comply with TFM 6-8030, entitled deposits.~~

~~.02 Checks and Cash Received in Collections (I TFM 5-2000)~~

- ~~1. Deposit Treasury checks totaling \$5,000 or more at the nearest Federal Reserve Bank;~~

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2. When depositing at a FRB, ensure that cash and checks are separated with separate deposit tickets prepared for each; and
3. Ensure agency deposit procedures fully comply with TFM 5-2000 entitled check and "Cash received in Collections."

### .03 Billings and Collections (I TFM 6-8025)

1. Ensure that bills are issued within five business days after the day that goods have been shipped or released, services have been rendered, or payment otherwise due;
2. Provide for stated payment due date on the bill which is no more than 30 days from the date of the invoice unless otherwise provided by law;
3. Require that payment be received no later than the stated due date;
4. Specify the payment mechanism to be used with related payment terms (preferably electronic);
5. Provide for late charges and penalties for payment received after due date;
6. Provide for a systematic follow-up until the collection is received; and
7. Ensure that billing and collection procedures fully comply with TFM 6-8025 entitled "Billing and Collections."

### .04 Late Payments (I TFM 6-8025.20)

1. Maintain procedures to ensure that late charges when applicable are collected;
2. Establish a system to account for installment payment on overdue amounts, if necessary; and
3. Ensure that late payment procedures fully comply with TFM 6-8025.20 which deals with late payments.

### .05 Disbursements (I TFM 6-8040)

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1. Ensure control over the timely payment of invoices and the taking of appropriate discounts;
2. Provide for processing payments as close as administratively possible, but no later than the due date specified in the invoice, contract, or OMB Circular A-125 (Prompt Pay);
3. Automatically take advantage of cost-effective cash discounts routinely and eliminate any need for special handling;
4. Use appropriate intergovernmental transfers for all funds moving between agencies; and
5. Ensure that disbursement procedures fully comply with TFM 6-8040 entitled "Disbursements for Goods and Services."

### .06 Cash Advances (I TFM 6-8050)

1. Monitor cash management practices of recipients, if cash is advanced, to ensure that Federal cash is not maintained in excess of immediate disbursing needs;
- b. Ensure that all applicable interest earned on advance of Federal funds by recipient organizations is remitted to the agency; and
- c. Ensure that cash advance procedures fully comply with TFM 6-2000 entitled "Cash Advances."

### .07 Cash Held Outside Treasury (I TFM 6-8060)

- a. Conduct an unannounced verification of the cash balances in imprest funds at least once per quarter;
- b. Review imprest funds at least every six months to ensure that the funds are commensurate with actual need and meet the requirement in I TFM 4-3000;
- c. Ensure that all accounts in financial institutions for funds held outside the Treasury have written Financial Management Service Approval; and
- d. Ensure that procedures for cash held outside the Treasury fully comply with TFM 6-8060 entitled "Cash Held Outside Treasury," and TFM 4-3000, "Imprest Fund Cash Held at Personal Risk by Disbursing Officers and Cashiers."

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### .08 Cash Management Control

- a. Separate money or checks from related accounting documentation to accelerate deposits;
- b. Include cash management as a part of the unit's review of financial operations (i.e., internal control review);
- c. Ensure that current cash management policies and operating procedures are clearly stated in writing systematically organized in either handbooks or other publications and communicated and accessible throughout the organization;
- d. Ensure that a responsible and accountable official review the unit's cash management policies and operating procedures periodically;
- e. Separate key duties so that no single individual can control a transaction from beginning to end; and
- f. Provide the organization unit's financial manager with periodic cash management training.

### Section 9.0 Review Documentation

#### .01 Current Assets Management Annual Certification

After completing the annual CMAC review, units will submit the following eight reports via disk to the Director for Financial Management:

#### Collection Cash Flow Reports

1. Register Form: this form captures the cash flow number, title, dollar amount, and description for each flow reported. Receipts should encompass every category of revenue such as loan repayments, fees, taxes, rents, and overpayments.
2. Cash Management Mechanisms Form: this form captures collection methods used.
3. TFM Standards Compliance Form: this form captures agency compliance with cash management standards in Section 8.0.

#### Disbursement Cash Flow Reports

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4. Register Form: this form captures the cash flow number, title, and annual dollar amount for each reported cash flow. Disbursements should encompass every category of payments such as refunds, purchases, contracts, purchase orders, grants, payroll, and leases
5. Cash Management Mechanisms Form: this form captures payment methods used.
6. TFM Standards Compliance Form: this form captures agency compliance with cash management standards in Section 8.0.

### Other Reports

7. General Cash Management Practices Form: this form captures agency's daily cash management practices.
8. Accomplishments Form: this form captures efforts to implement or upgrade a cash management system or process.

### .02 Current Assets Management Review and Analysis

After completing CAMRA, units will submit the following four data reports and four cash flow reports to the Director for Financial Management:

#### a. Data Reports

1. Inventory Management Survey: this report is used to obtain an understanding of the inventory needs and holdings of Federal agencies.
2. Funds Held Outside Treasury: this report is used to document monies deposited to and paid from accounts held outside Treasury excluding imprest funds. Imprest funds are to be reported separately.
3. Imprest Fund Report: this report captures data only. Actual monies disbursed from imprest funds are to be accounted for under the appropriate cash flow (e.g., vendor payments, travel).
4. Financial Cross Servicing Report: this report is used to capture cross servicing activity. This form is to document all such activity, reimbursable or not, inside or outside of the organization. All agencies providing services or using service providers must complete this report.

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### b. Flow Reports

1. Collection Cash Flow Report: this report is used to capture receipt activity (i.e., fees, sales, services, loan repayments). A report is to be completed for each activity.

Disbursement Cash Flow Report: this report is used to capture payment cash flows except for payroll, benefit payments made to individuals, or travel payments. Disbursement flows would include payments made under grant, vendor, rents, and lease activity.

Payroll and Benefit Payments: this report is used to capture payroll and benefit payments made directly to individuals. Payroll and benefits are to be reported separately.

4. Travel: this report is used to document travel related disbursement including travel related payment made from the imprest funds.

Specific reporting formats with instructions will be provided to organization units once received from Treasury.

### Section 10.0 Due Date

Each organization unit's finance officer, or responsible official, will submit a CMAC report annually, and submit a CAMRA report every five years. The due date for both reports will be announced by the Director for Financial Management.